

21. (New) The method according to claim 11, wherein said additional values correspond to predetermined incremental amounts.

22. (New) The method of claim 19, which includes the additional steps of:

receiving a transaction authorization request, including an amount of a transaction and the sub-account identifier; and

authorizing the transaction if sufficient funds are available in the respective sub-account.

23. (New) The method of claim 22, wherein the transaction authorization request was generated by a first computational device adapted to read the sub-account identifier from the magnetic strip, and received by a second computational device linked to the first computational device.

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REMARKS

In the Office Action dated October 29, 2002 (paper no. 6), all of the claims were rejected under 35 U.S.C. §103(a) as unpatentable over U.S. Pat. No. 6,434,238 ("Chaum") in view of U.S. Pat. No. 6,000,608 ("Dorf"). The claims have been amended to better characterize the invention. In particular, independent Claims 1 and 10 have been amended to recite explicitly that a balance of the sub-account associated with a card used in the system or method may be redeemed in the form of a negotiable instrument payable to a holder of the sub-account. This limitation is disclosed in the specification at p. 10, ll. 7 – 16 and previously appeared in a different form in Claims 2 and 13, which have been canceled. This limitation is in addition to the limitations in Claims 1 and 10 that the value of the card is reloadable and that the card may be used to make purchases by presenting the card at a point-of-sale establishment.

This combination of limitations is neither taught nor suggested in the cited art. It is accordingly believed that no *prima facie* case has been established under 35 U.S.C. §103(a) for the claims as now pending. In particular, Chaum is directed to a system that uses “smart” cards, i.e. cards having embedded chips, that may be used in credit or debit transactions (*e.g.*, Chaum, Col. 5, ll. 10 – 47). Dorf is directed to a card system that may be used for different types of transactions, including as a prepaid phone card, a debit card, a loyalty card, and a medical information card (*e.g.*, Dorf, abstract). Both of these references provide a number of applications of cards, including prepaid cards, but do not teach or suggest a reloadable prepaid card whose balance may be redeemed in the form of a negotiable instrument, such as a money order.

The Office Action has suggested that a money order is merely one of any type of goods/services that may be purchased with a card such as described in Dorf (Office Action, p. 2). Redemption of a balance on the card is, however, distinct from the mere purchase of goods/services and provides a solution to a problem that is not recognized in either Chaum or Dorf. In particular, stored-value or value-added cards that may be redeemed for cash are subject to theft of all the stored value since they do not enjoy the security protections typically available with debit and/or credit cards (*see* Application, p. 1, ll. 13 – 19). If the card is restricted to use for purchasing goods/services without the possibility of redemption, the purchaser may lose unused value that is locked up by the card-use structure.

The system and method recited in the amended claims provides a mechanism that prevents theft of the stored value but permits its redemption. This capability is embodied in the claims by reciting not only the reloadable aspects of the value and the ability to make purchases with the card, but by also requiring the ability to redeem a balance of the associated sub-account in the form of a negotiable instrument *payable to the sub-account holder*. Neither Chaum nor Dorf explicitly discloses even the purchase of a negotiable instrument with the card, but even if they did the claims would be distinguished by the requirement that the negotiable instrument be payable to the sub-account holder. This limitation provides a mechanism for redemption of the balance that

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is neither taught nor suggested by the prior art, and that has specific advantages over the prior art.


For at least these reasons, it is believed that independent Claims 1 and 10 are patentable, and that the dependent claims are also patentable by virtue of their dependence from patentable claims. It is noted that no new matter has been added to the three new claims (Claims 21 – 23) that have been added. For example, the limitation of Claim 12 that subsequent added values correspond to predetermined incremental amounts has been moved from Claim 12 to Claim 21; Claims 22 and 23 add limitations to Claim 19 that generally correspond to the limitations of Claim 17 and 18. An Appendix is provided in which the changes to the claims are highlighted by underlining added material and enclosing deleted material in square brackets.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

  
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**APPENDIX: VERSION WITH MARKINGS TO SHOW CHANGES MADE**

The changes made to the claims by the foregoing Amendment are highlighted below by underlining added material and enclosing deleted material in square brackets.

Claims 2, 4, 13, and 20 have been canceled, and Claims 1, 3, 5 – 12, and 14 – 19 have been amended:

1. (Amended) A stored-value card system, which comprises:  
a card issued by a card issuing institution;  
**[a point-of-sale retail establishment authorized by the issuing institution to sell the cards;]**  
a card identifier associated with said [each] card and assigned thereto by the issuing institution;  
a reloadable value associated with said [each] card and **[representing a purchase price thereof, the purchase price being received by the point-of-sale establishment and]** credited to the card by the issuing institution; and  
a sub-account associated with said [each] card and identified by the card identifier, **[; and]**  
said card being usable for:  
making a purchase[s] by presenting said card at a point-of-sale establishment and debiting a cost of the purchase from the [whereby] said sub-account; and [is debited]  
redeeming a balance of the sub-account in the form of a negotiable instrument payable to a holder of the sub-account.

2. (Canceled).

3. (Amended) The system according to claim 1 [2] wherein said negotiable instrument comprises a **[cards can be used to acquire]** money order[s from **point-of-sale establishments]**.

4. (Canceled).

5. (Amended) The system according to claim 1 wherein said card values are not redeemable for cash.

6. (Amended) The system according to claim 1 wherein **[each card includes:]**  
the card identifier is **[being]** printed on the card and selectively concealed by a removable concealing strip attached to the card.

7. (Amended) The system according to claim 1 wherein said card **[which]** includes[:]  
a magnetic strip **[on each card]**, the card identifier being encoded on the magnetic strip.

8. (Amended) The system according to claim 1 wherein said card identifier is adapted to be read by **[which includes:]**  
a reader at the **[a]** point-of-sale retail establishment **[for reading the card identifiers and thereby verifying the sub-account balances]**.

9. (Amended) The system according to claim 1 wherein said reader is in communication with **[which includes:]**  
a network comprising multiple point-of-sale establishments which accept said card for the purchase of goods and services.

10. (Amended) A method of purchasing goods and services in transactions utilizing value-added cards, which method comprises the steps of:

**[establishing a master account for value-added cards at a card-issuing institution;**

**establishing a plurality of sub-accounts of said master account at said institution;**

**preprinting a plurality of value-added cards;]**

issuing a plurality of said cards to a point-of-sale retail establishment;

pre-assigning sub-account identifiers to said cards;

**[selling the cards at the point-of-sale establishment to retail customers/sub-account holders;]**

crediting the sub-accounts associated with said cards with initial reloadable values **[corresponding to the purchase amounts thereof];**

debiting a respective sub-account in response to a [making] purchase[s] made with a respective one of said cards at a [by providing the cards to] merchant[s];

and

issuing an instruction to generate a negotiable instrument payable of a balance of the respective sub-account to a holder of the respective sub-account in response to a request to redeem the respective one of the cards by said holder [debiting the respective sub-accounts in the amounts of said purchases].

11. (Amended) The method of claim 10, which includes the additional step of reloading said respective one of the cards in response to a [by] purchase[ing] of additional values by said holder, by [therefor in the form of] crediting[s to] said respective sub-account[s].

12. (Amended) The method according to claim 11, wherein said initial reloadable values **[and said subsequent added values]** correspond to **[incremental amounts]** predetermined amounts **[by said issuing institution].**

13. (Canceled).

14. (Amended) The method of claim 10 [13], wherein the negotiable instrument comprises **[which includes the additional step of the sub-account holder purchasing]** a money order **[with the card]**.

15. (Amended) The method according to claim 10, wherein the respective one of said cards **[which]** includes **[the additional step of providing]** a numerical identifier corresponding to **[for]** said respective sub-account.

16. (Amended) The method according to claim 10, wherein **[which includes the additional steps of:**

**concealing]** the numerical identifier is concealed prior to delivery **[purchase]** of the [a] respective one of the cards to said**;** and

**revealing the identifier by the sub-account]** holder **[after purchase of a respective card]**.

17. (Amended) The method of claim 10, which includes the additional steps of:

receiving **[transmitting to the issuing institution]** a transaction authorization request, including an amount of a [the] transaction and the [a respective] sub-account identifier corresponding to the respective sub-account; and

authorizing the transaction if sufficient funds are available in the respective sub-account.

18. (Amended) The method of claim 17 [11], wherein the transaction authorization request was generated by a first computational device **[which includes the additional steps of:**

**providing a computer terminal] at the merchant [point-of-sale establishment;] and**  
**received by a second computational device [providing a computer terminal at the card-issuing institution] linked to the first computational device [point-of-sale computer terminal].**

19. (Amended) The method of claim 10, wherein **[which includes the additional steps of:]**

**the respective one of said cards includes a [providing] magnetic strip[s on said cards;] for**

**encoding the sub-account identifier[s on the magnetic strips] for the respective sub-account;**

**providing magnetic card readers at the point-of-sale establishments;  
reading the identifiers at the point-of-sale establishments with the  
card readers from the magnetic strips; and**

**transmitting the identifiers from the point-of-sale establishments to  
the card-issuing institution].**

20. (Canceled)

Claims 21 – 23 have been added:

-- 21. (New) The method according to claim 11, wherein said additional values correspond to predetermined incremental amounts.

22. (New) The method of claim 19, which includes the additional steps of:

**receiving a transaction authorization request, including an amount of a transaction and the sub-account identifier; and**



authorizing the transaction if sufficient funds are available in the respective sub-account.

23. (New) The method of claim 22, wherein the transaction authorization request was generated by a first computational device adapted to read the sub-account identifier from the magnetic strip, and received by a second computational device linked to the first computational device. --